

Message Text

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44

ACTION PM-07

INFO OCT-01 EUR-25 ISO-00 CIAE-00 H-03 INR-11 L-03 NSAE-00

NSC-07 PA-04 RSC-01 PRS-01 SP-03 SS-20 USIA-15

ACDA-19 TRSE-00 SAJ-01 MC-02 DRC-01 EB-11 COME-00

/135 W

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R 131657Z AUG 74

FM AMEMBASSY BRUSSELS

TO SECSTATE WASHDC 1756

SECDEF WASHDC

INFO AMEMBASSY COPENHAGEN

AMEMBASSY LONDON

AMEMBASSY OSLO

AMEMBASSY PARIS

AMEMBASSY STOCKHOLM

AMEMBASSY THE HAGUE

USMISSION NATO BRUSSELS

USNMR SHAPE

USCINCEUR

CJCS

SEC USAF

DIA

UNCLAS BRUSSELS 6120

E.O. 11652: N/A

TAGS: MASS, BE

SUBJECT: F-104 REPLACEMENT: FURTHER LOCAL PRESS ITEMS

REF: A. BRUSSELS 5696 B. BRUSSELS5697

1. INFLUENTIAL CATHOLIC CONSERVATIVE PAPER "LA LIBRE BELGIQUE" (LLB) IN TWO-PART ARTICLE AUG. 11 AND 12 DESCRIBES CONTEST AS BEING AMONG FOUR CANDIDATES (US YF 16 AND YF 17, FRENCH F-1/M53 AND SWEDISH VIGGIN) PLUS AN OUTSIDER, THE FRENCH-BRITISH JAGUAR. VIGGIN IS HIGHLY REGARDED, BUT ITS CHANCES ARE SLIGHT
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BECAUSE SWEDEN IS A MEMBER OF NEITHER NATO NOR EC. THE

COMPETITION THUS COMES DOWN TO THE FRENCH OR ONE OF THE TWO AMERICAN PLANES, AND IT IS MORE LIKELY TO BE DECIDED ON POLITICAL AND ECONOMIC THAN ON MILITARY GROUNDS. ARTICLE DOES NOT PREDICT WHICH WILL WIN, BUT STATES THAT THE MIRAGE IS PRESENTLY THE HEAVY FAVORITE. LLB GOES INTO SOME DETAIL ON THE NATURE OF THE ECONOMIC OFFSET PACKAGES OFFERED BY THE BIDDERS, ESPECIALLY SWEDEN WHICH PROPOSES TURNING OVER COMPLETE CONTROL TO EUROPEAN BUYERS, SELLING ONLY SWEDISH KNOW-HOW, AND THEREBY HOPING OVERCOME THE DISADVANTAGE OF BEING AN OUTSIDER TO NATO AND THE EC. SWEDES ALSO OFFER INVESTMENT IN OTHER INDUSTRIAL FIELDS AS AN ADDITIONAL INDUCEMENT, BUT LLB COMMENTS THAT SUCH INVESTMENT MIGHT BE ATTRACTED TO BELGIUM IN ANY CASE. THE FRENCH OFFER INCLUDES FORMATION OF UMBRELLA MULTI-NATIONAL CORPORATION FOR DEVELOPMENT AND CONSTRUCTION OF THE F-1/M53. THE AMERICAN PLANES ARE CONCEDED TO BE THE MOST ADVANCED TECHNOLOGICALLY. THE ARTICLE SAYS THAT BOTH US AIRCRAFT HAVE SIMILAR SPECIFICATIONS AND OFFER SIMILAR ECONOMIC OFFSET PACKAGES, ALSO ALLEGES THAT US LAW REQUIRES THAT EQUIPMENT FOR THE AMERICAN ARMED FORCES BE PRODUCED IN THE US. IN ADDITION US PROCUREMENT IS APPROPRIATED IN ANNUAL INSTALLMENTS AND DOES NOT PERMIT THE MILITARY TO MAKE LONG-TERM COMMITMENTS. IMPORTANT PREVIOUS PROGRAMS HAVE BEEN CUT OFF IN MIDSTREAM. LLB SUGGESTS THAT THE PENTAGON'S DECISION THUS MAY HAVE LITTLE EFFECT ON THE PRICE OFFERED TO THE EUROPEANS. IN ADDITION, THE DESIRE FOR EUROPEAN INDEPENDENCE, AS WELL AS THE RATHER PATERNALISTIC ATTITUDE OF US INDUSTRIALISTS AND POLITICIANS, RISKS ENDANGERING THE CASE FOR THE U.S. PLANE.

2. CONSERVATIVE, INDEPENDENT "LA MEUSE" (CIRCULATION 184,000) RAN ARTICLE AUG. 12 ENTITLED "IMPRESSIVE AMERICAN OFFENSIVE". EMBASSY SUMMARY TRANSLATION FOLLOWS.

"REPLACEMENT OF THE F-104 STARFIGHTER IN FOUR EUROPEAN COUNTRIES REPRESENTS AN ORDER OF 350 AIRCRAFT. THE DECISION MUST BE MADE BEFORE THE END OF THE YEAR. MIRAGE F-1 SEEMS TO BE THE NUMBER ONE COMPETITOR. UP TO NOW, THE AMERICANS HAD MADE ONLY CONVENTIONAL OFFERS... THEY HAVE NOW DECIDED TO ACCELERATE THEIR PROGRAM IN ORDER TO COINCIDE WITH THE PURCHASE AGENDA OF THE FOUR EUROPEAN COUNTRIES... THE USAF WILL MAKE ITS CHOICE IN DECEMBER 1974... THE U.S. DEPARTMENT OF DEFENSE PROPOSES TO THE EUROPEANS THAT THEY SHOULD COLLABORATE

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ON THE FORMULATION OF THE SPECIFICATIONS TO THE AIRCRAFT AND ITS CONSTRUCTION. THIS IS A UNIQUE PROPOSAL WHICH WILL GUARANTEE THE FOUR COUNTRIES THAT THEIR CHOICE WILL ALSO BE THE CHOICE OF THE WORLD'S STRONGEST MILITARY AIR FORCE WHICH THEY WILL HAVE AT THEIR DISPOSAL IN EUROPE AND BECAUSE OF NATO, THEY WILL HAVE SOME CAPABILITIES FOR MAINTENANCE... WITH THIS PROPOSAL, THE AMERICANS ARE BECOMING A DANGEROUS COMPETITOR FOR THE REPLACEMENT OF THE STARFIGHTERS. THE AMERICANS HAVE LAUNCHED

THEIR SELLING CAMPAIGN IN THE FOUR COUNTRIES CONCERNED FOR REPLACING THE STARFIGHTERS... UNTIL THE PRESENT, THE AMERICAN MANUFACTURERS, NORTHROP AND GENERAL DYNAMICS, AMDE ONLY CONVENTIONAL PROPOSALS. IT IS NOW THE DEPARTMENT OF DEFENSE WHICH IS MAKING THE OFFERS AND IS A NEW ELEMENT OF MAJOR IMPORTANCE... THE DELICATE POSITION OF THE AMERICAN MANUFACTURERS IS DUE TO THE FACT THAT THE RESULTS OF THE TESTS WOULD HAVE BEEN MADE KNOWN ONLY IN MID-1975, TOO LATE FOR THE EUROPEAN DECISION, AND THAT NO FIRM ORDER HAD BEEN CONSIDERED BY THE USAF, WHICH WAS AN ESSENTIAL CONDITION FOR THE EUROPEAN CHOICE. WHAT DOES THE DEPARTMENT OF DEFENSE SAY CONCERNING THE LIGHTWEIGHTER FIGHTER PROGRAM?

1. FIRST, THAT THE PROGRAM IS GOING TO BE ACCELERATED AND THE RESULTS WILL BE KNOWN IN DECEMBER 1974.
2. THE DEPARTMENT OF DEFENSE WILL DECIDE ON THE PRODUCTION BY THE WINNER OF THE TWO COMPETITORS ON THE ACF (AIR COMBAT FIGHTER) ON A STANDARDIZED VERSION WITH ALTERATIONS MADE AFTER TESTING...

THIS PROPOSITION IS AN INNOVATION WITHOUT PRECEDENT IN THE HISTORY OF AMERICAN MILITARY AVIATION. FIRST OF ALL, COMPENSATIONS HAVE TO BE SPECIFIED. THE AMERICANS INTEND TO GIVE NATIONAL INDUSTRIES A LARGE PART OF THE CONSTRUCTION AND ALSO PART OF THE PLANES TO BE ORDERED BY THE USAF, AND EVEN PARTS OF PLANES OF FUTURE ORDERS BY OTHER COUNTRIES. FOR THE THREE TYPES OF CONSTRUCTION, THE AMERICANS SUGGEST 50 PERCENT, 10 PERCENT AND 10 PERCENT BUT STATE THAT THESE PERCENTAGES COULD BE A MATTER FOR DISCUSSION. ABOVE ALL, THERE IS THE PROPOSITION THAT THE FOUR EUROPEAN COUNTRIES PARTICIPATE IN THE ESTABLISHMENT OF SPECIFICATIONS FURNISHED PRIMARILY BY THE USAF TO THE MANUFACTURERS SO THAT THE AIRCRAFT MEETS THE NEEDS OF THE USAF, AS WELL AS THOSE OF THE EUROPEAN

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COUNTRIES. THIS PROPOSITION IS FOLLOWED BY ANOTHER FOR THE COOPERATION OF THE TECHNICIANS OF THE FOUR EUROPEAN COUNTRIES IN THE FINAL PHASE OF THE DEVELOPMENT OF THE ACF, ONCE THE CHOICE IS MADE BETWEEN GENERAL DYNAMICS YF 16 AND THE NORTHROP YF 17. IT IS NO LONGER A PROPOSAL MADE BY MANUFACTURERS BUT BY THE GOVERNMENT AND THE FIRST OFFERED OF THIS TYPE BY THE U.S. WHY IS THIS PROPOSITION IMPORTANT? BECAUSE IT OFFERS CAPITAL GUARANTEES TO THE EUROPEANS; THE EUROPEANS WILL BENEFIT BY AMERICAN TECHNOLOGY AND BENEFIT FROM THE ASSURANCE THAT THEIR CHOICE IS ALSO THE USAF CHOICE; THEY WILL BENEFIT IN THE FUTURE BECAUSE THEY WILL HAVE THE ADVANTAGE OF USAF MAINTENANCE CAPABILITY, PARTICULARLY DEVELOPED WITHIN THE NATO FRAMEWORK. A CONFIRMATION -- THE AMERICANS ARE HOLDING FAST TO THIS MARKET. THEY CALCULATE THAT THEY COULD SELL MORE THAN 2,500 ACF BEGINNING WITH THE USAF ORDER FOR 400, EUROPEAN 350 AND

IRANIAN 250. BECAUSE OF THESE FIGURES, ONE CAN UNDERSTAND THE VIGOR AND THE ORIGINALITY OF THE OFFENSIVE OF THE AMERICAN GOVERNMENT. THE OTHER COMPETITORS WILL HAVE TO BRING FORTH NEW ARGUMENTS WHICH WILL HAVE TO BE ESPECIALLY INTERESTING TO RESIST THE U.S. OFFER." RENNER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SALES, MILITARY AIRCRAFT, ARMED FORCES, CONSTRUCTION
Control Number: n/a
Copy: SINGLE
Draft Date: 13 AUG 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974BRUSSE06120
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740222-0209
From: BRUSSELS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740853/aaaabtei.tel
Line Count: 174
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION PM
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: A. BRUSSELS 5696 B. BRUSSELS5697
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 24 JUN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <24 JUN 2002 by reddocgw>; APPROVED <26 JUN 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: F-104 REPLACEMENT: FURTHER LOCAL PRESS ITEMS
TAGS: MASS, BE
To: STATE DOD
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005